

QUESTIONS ON THE CO-OPERATIVE MOVEMENT IN SASKATCHEWAN  
AS ASKED BY STUDENTS IN TEACHERS' COLLEGE, AND ANSWERED  
BY H. L. FOWLER, SECRETARY OF FEDERATED CO-OPERATIVES  
LIMITED

---

1. ARE CO-OPERATIVES CONNECTED IN ANY WAY POSSIBLE, OR ARE THEY BASED ON THE SAME FACTORS OF OPERATION?

Answer: Co-operatives are autonomous corporations incorporated under various laws in Saskatchewan. There is a great duplication of membership in that an individual may belong to several co-operatives. One co-operative may become a member of another co-operative if there is a reason for so doing. For instance, the Wheat Pool is a member of Federated Co-operatives because they use goods handled by Federated, but Federated Co-operatives do not have membership in the Wheat Pool because they have no grain to deliver. In a general sense they operate in the same broad fashion observing the Rochdale principles.

2. AREN'T CO-OPERATIVES PRO-CCF?

Answer: Co-operatives are neutral in religion and politics in this country, and are not pro any political party. Individual members of co-operatives, however, are members of the various political parties.

3. IS YOUR MEMBERSHIP IN THE CO-OP VALID THROUGHOUT SASKATCHEWAN?

Answer: This depends on the type of co-operative. In a centrally controlled co-operative such as the Wheat Pool, membership is valid throughout the province. In the Federated type, such as the consumer co-operatives, membership is only in the Co-op in the particular locality and if a person moves they can apply for a refund of their investment which can be placed in the Co-op at the point to which they are moving.

4. HOW ARE YOUR DIVIDENDS PAID BACK, OR DO YOU GET ANYTHING BACK?

Answer: If a co-operative has a surplus as a result of its operations the general rule observed by most consumer co-operatives is to declare a patronage refund based on the volume of business transacted with it by the members, and this patronage refund may vary as to commodities (such as a higher rate on petroleum than on groceries). In general these patronage refunds are credited to the share capital account, increasing the investment of the member in his co-operative. When the Co-op is in the financial position to make a cash return to its members, it is usually done on a percentage basis, that is, if a Co-op has retained - on this revolving plan \$50,000, and is in a position to pay out \$5,000, then each member would receive 10% of his equity.

5. DO CO-OPERATIVE FARMS HAVE ANYTHING TO DO WITH THE OTHER CO-OPERATIVES?

Answer: The same relation exists here as described in #1. Members of co-operative farms are almost invariably members of other co-operatives. The only formal connection would be membership in other co-operatives such as the co-operative farm being a member of the Wheat Pool in order to deliver its grain and make savings.

6. WHY AREN'T SMALL FARMERS ENCOURAGED TO FORM CO-OPERATIVES INSTEAD OF BEING FORCED OFF THE LAND?

Answer: All farmers are encouraged, insofar as it is possible, to form co-operatives and to join existing co-operatives. It is repeatedly pointed out that the co-operative movement can be of a great deal of assistance on the "cost" side of the "cost price squeeze," which is plaguing agriculture today. Greater co-operative effort would enable more farmers to stay on the land.

7. IS THE CO-OPERATIVE MOVEMENT ALWAYS AN INCENTIVE TO PROGRESS?

Answer: An answer to this must be a matter of opinion and the writer would definitely say that the co-operative movement is an incentive to progress. We can point to many communities that have had a well established co-operative for many years, and that community is a better community and a more progressive one than other communities without a co-operative organization.

8. WHAT IS THE PURPOSE OF THE REVOLVING DOOR?

Answer: The theory of the "revolving door" is that a co-operative should be financed by those who use it, and in proportion to their use. The idea of retaining the earnings each year as outlined in question #4, assures that each man will have an investment in his co-operative according to the use he is making of it.

9. IN WHAT WAYS ARE CO-OPERATIVES ORGANIZED AND OPERATED? CAUSES OF DISSOLVING?

Answer: Co-operatives are usually organized because of the need in the community for a particular kind and type of service. Most Saskatchewan communities are presently served by co-operatives. Incorporation is secured by a minimum of five people making application, and they act as the provisional board. They secure additional members, and within sixty days they hold a regular meeting to appoint a permanent board. In the past 20 years very few co-operatives have dissolved except by voluntary action, where the surplus was distributed back to the members. Very few have failed. However, in the previous 20-year period a great many co-operatives failed, and the causes were varied. They might be summed up as follows: lack of education; lack of knowledge as to how to run a Co-op; inadequate management; bad operation policies, such as giving credit, etc.

10. DO YOU THINK THAT THESE CO-OPERATIVE MOVEMENTS ARE HEADING FOR GOVERNMENT CONTROL?

Answer: There is no evidence to indicate that such a trend exists at the present time, nor should exist in the future. This is, provided members of co-operatives exercise their right as members to own, control and direct the policies of their own organization.

11. IF PEOPLE WANT TO START PRODUCER CO-OPERATIVES COULD THEY DO SO UNDER EXISTING LAND LAWS WHICH FAVOUR THE PRIVATE FARMERS?

Answer: This question is interpreted to mean to start organizations similar to a co-operative farm, wherein the members would co-operate in production. This is different from the Wheat Pool, which is often called a producers co-operative, but is in actuality a "marketing co-operative." There are some obstacles, such as income tax and regulations under the Farm Improvement Loan Act, marketing quotas, etc., which make it a little difficult to operate a co-operative farm in some respects. These difficulties, however, are not insurmountable. They, in the main, are caused by the fact that the regulations treat the co-operative farm as an individual rather than as a group of separate individuals.

12. HOW ARE THE VETERANS' CO-OPS MAKING OUT AT MATADOR, CARROT RIVER, ETC. ?

Answer: As a general statement we would say that the co-operative farms in Saskatchewan have been a moderate success from the economic standpoint. Greater utilization has been made of machinery, and working together has produced better results. However, they have experienced many difficulties in the field of human relations. Some of the farms have operated in this field more successfully than others. The Matador farm is probably one of the most successful from the standpoint of economics and in the field of sociology. The farms at Carrot River experienced great difficulty because of the severe crop conditions experienced shortly after their organization a number of years ago. It is a fair statement that they experienced less economic difficulty than the individual farmer who took up land and was forced to leave it because of flooding, early frosts, etc.

13. IF A MAN HAS SHARES IN A CO-OP IN ONE TOWN AND DOES SOME PURCHASING AT A CO-OP NEARBY, DOES HE RECEIVE ANY PATRONAGE DIVIDEND FROM THE SECOND CO-OP? IF NOT, WHY NOT?

Answer: This is almost identical with question #3. In order to receive a refund from a second Co-op it is necessary at the present time that he become a member. Some survey has been done to arrange for a transfer of patronage refunds, but at the present time it would appear that the cost of such bookkeeping records would more than offset the gains.

14. IS THERE ANY ADVANTAGE OTHER THAN INTEREST IN HAVING MORE SHARES IN A CO-OPERATIVE ENTERPRISE ?

Answer: As a general rule interest or dividend is not paid on share capital in the Saskatchewan co-operative, and there is no advantage in holding more shares than that prescribed in the bylaws as is necessary for each member to hold.

15. ARE THE CO-OPS AND THE CREDIT UNIONS INTERLINKED?

Answer: Co-ops and Credit Unions are interlinked in two ways. First they often have a common membership, and second, one may be a member of the other for obvious service.

16. WHAT PRODUCTS DOES INTERPROVINCIAL CO-OPS NOW SUPPLY AND WHAT PRODUCTS IS IT PLANNING TO EXPAND INTO?

Answer: Interprovincial Co-operatives Limited, which is owned by regional co-operatives across Canada, is presently supplying those regionals with a wide range of products. Generally they are as follows:

Manufactured in plants owned by Interprovincial - Tea, coffee, peanut butter, and a wide range of farm chemicals, bags and some canned fruit and vegetables.

They are also supplying many commodities which are by contract with Interprovincial, manufactured under the Co-op Label. In this category would come tires, batteries, twine, appliances and other similar products, as well as a wide range of foods under the Co-op Label, that are distributed to grocery stores throughout Saskatchewan and Manitoba.

17. DO CO-OPS WORK TOGETHER WITH THE CANADIAN CONSUMER ORGANIZATION?

Answer: Co-ops are affiliated through provincial Co-operative Unions, with the Co-operative Union of Canada and with the International Co-operative Alliance. On a trade basis they are working together through Interprovincial with all consumer co-operatives across Canada.

18. DO YOU REALLY FEEL THAT THE CO-OPS WILL BRING PRODUCE TO THE CONSUMER AT A VERY GREAT SAVING?

Answer: Co-ops are organized for savings, not for profits, and following this objective the savings to the consumer are two-fold, first by eliminating unnecessary items of expense such as excessive advertising, premiums, and other forms of gimmicks, and also through the well-known patronage refund credited to the Co-op member

19. WHAT PROVINCE IN CANADA IS MOST INFLUENCED BY THE CO-OPERATIVE MOVEMENT?

Answer: Co-ops are developed in Saskatchewan to a greater extent than in any

other province in Canada. This is shown by the total volume of co-operative business in Saskatchewan, which is greater by head of population than in other areas.

20. ARE DIFFERENT CO-OPS CONNECTED TO EACH OTHER?

Answer: See answers to #1, #5, #15 and #17.

21. ARE THE CO-OPS IN QUEBEC DIFFERENT THAN THOSE IN THE WEST?

Answer: Co-ops in Quebec follow a generally similar pattern to those in Western Canada, with the exception that in Western Canada we are organized to a greater extent "commoditywise." That is, we have separate Co-ops for dairy products, wheat, etc., as well as consumer Co-ops. In Quebec the local Co-op acts in a dual capacity, marking its members' primary products, as well as furnishing him with consumer goods.

22. ARE THE CO-OPS LIKELY TO EXPAND IF THEY SKIMP ON SERVICES LIKE CREDIT, DELIVERY, CARRYING QUALITY GOODS, OFFERING LOSS LEADERS, ETC.? ISN'T THE EMPHASIS ON RAISING THE DIVIDEND A CARRYOVER FROM THE DAYS OF SCARCITY? THE CO-OPS BEGAN WITH POOR PEOPLE AND THEY STILL THINK SMALL; CAN YOU GIVE SOME EXAMPLES OF THE CO-OPS LEADING IN MERCHANDISING, RATHER THAN FOLLOWING THE OTHER CHAINS AND SUPERMARKETS?

Answer: This question contains some general statements with which the writer does not agree. It is hardly fair to suggest that Co-ops "think small," when in this province we have the largest grain handling organization in the world. We have the world's first co-operative refinery, and stand second in the distribution of petroleum products. In many of the centres of Saskatchewan we have the best equipped and modern premises in the area. Co-ops endeavour to cut out uneconomical methods of operation, such as giving credit. Co-ops were the first in Saskatchewan to distribute the high quality multipurpose grease. They were also the first to pioneer in winter oil suitable for this territory, with a low cold point and high viscosity. Many examples could be given.

23. DO INDEPENDENT CONSUMER RATINGS ALWAYS FIND THAT THE CO-OPS SELL THE BEST QUALITY AVAILABLE ON THE MARKET?

Answer: Consumers Union Reports rate Co-op products in USA very highly. In Canada we have not a similar rating bureau that we know of, but we feel that the growth of the co-operatives in the province could not be accomplished without the highest possible quality of products.

24. HOW MANY CO-OP PRODUCTS ARE NUST ANOTHER BRAND WITH A CO-OP LABEL?

Answer: It is the aim to have productive plants where volume in any one commodity would warrant the capital investment. Other co-op label products are secured by negotiation with manufacturers to make the product to our

specification, and to make a quality product. In some instances if the quality is satisfactory we accept his regular product and put our label on it. When such products do not live up to the quality we demand under the Co-op Label, another manufacturer is sought or the Co-op Label is removed from that particular product. We cannot, for lack of information, give you the number of products in the various categories.

25. WHAT ARE THE FIELDS IN WHICH CO-OPS EXIST IN SASKATCHEWAN?

Answer: Marketing Co-ops exist in Saskatchewan to market practically all the primary products produced by agriculture. There are consumer co-operatives in practically every community in Saskatchewan. The commodities handled by these co-operatives vary. Some offer a complete service to their members, but other services are limited to bulk supplies, such as petroleum and coal. Co-ops also exist in the fields of finance, insurance and other services.

26. IN ENGLAND THE CO-OPS HAVE THE REPUTATION OF SELLING VERY POOR QUALITY STUFF; IS THE SITUATION ANY BETTER OVER HERE?

Answer: We are afraid the English people would very violently disagree with the statement that they have a reputation for selling very poor quality stuff. It is the opinion of co-operative officials that products in co-operative stores in Saskatchewan are of the highest possible quality obtainable.

27. IS IT CHEAPER TO BORROW MONEY FROM A CREDIT UNION THAN FROM A CHARTERED BANK?

Answer: The loaning rate of a credit union depends largely on its size. In its early days, because of lack of volume, the interest charged is 1% per month, which is equivalent to 12% per annum, which is higher than the bank rate. Usually when a credit union has sufficient volume to have an economical operation, their interest charge on loans is competitive with the banks, and in addition they invariably offer an insurance factor with their loans. Interest in a Credit Union is always computed on the unpaid balance.

28. WHERE CAN YOU GET INFORMATION ABOUT ORGANIZING A 4-H Co-op?

Answer: 4-H Clubs are supervised by the Extension Department, University of Saskatchewan, but you can secure information as to forming one, from any member of the field staff of the Saskatchewan Wheat Pool, or from any of the agricultural representatives of the Department of Agriculture.

29. HOW DOES THE WHEAT POOL FOLLOW THE RULES OF A CO-OPERATIVE?

Answer: The Pool, in its operations, follows the Rochdale principle of open membership, democratic control, limited interest on capital, and patronage refunds.